

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508**

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**FOR IMMEDIATE RELEASE
JUNE 26, 2002**

**02-58
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**USTR Zoellick Welcomes Progress
Japan Pledges in New Regulatory Reform Report**

WASHINGTON – U.S. Trade Representative Robert B. Zoellick today welcomed a new report outlining key regulatory reform measures Japan has agreed to take to bolster its economy and remove market barriers to U.S. investors and exporters of goods and services. These measures are contained in the First Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (Regulatory Reform Initiative). The joint government report was concluded on the eve of the summit between President Bush and Prime Minister Koizumi in Kananaskis, Canada on June 25.

“Fundamental reforms in such sectors as telecommunications, information technologies, and energy are a prerequisite to Japan’s return to sustainable growth, as they play a crucial role in the efficient reallocation of labor and capital,” Zoellick said. “Structural and regulatory reforms in Japan are instrumental to job creation, productivity, and economic growth.”

“Our bilateral work to help the Japanese economy grow through regulatory reform is in midstream. We look forward to cooperating with Japan as it continues to deregulate its economy,” Zoellick said. “I want to pay particular recognition to Foreign Minister Kawaguchi and her ministry for playing a constructive role in helping to craft this major report.” The Japanese Ministry of Foreign Affairs and USTR co-chair the Regulatory Reform Initiative.

The report especially highlights accomplishments in the information technologies sector, including measures to liberalize trade in digital products, promote e-government, and strengthen cyber-security. The two Governments will, for example, work towards achieving a global understanding that the current duty free environment for digital products should remain in place.

Other measures specified in the report will yield a myriad of tangible benefits for Japan’s consumers as well and U.S. firms operating in the Japanese market. Examples of measures Japan has taken or will take include:

- Elimination of burdensome licensing and notification requirements for firms that compete with Japan's telecommunications monopoly NTT, a development essential for creating a level playing field in this sector.
- Steps to strengthen protection of intellectual property over the Internet and content in digital form that will benefit music, software, and related industries.
- Development of important principles and objectives designed to advance liberalization of Japan's electricity and gas sectors by providing the basis for future reforms intended to more efficiently delivery power at lower cost to industry and consumers.
- Reforms to expedite pharmaceutical and medical device approvals that will bring products to market faster, increase consumer choice, and expand access for U.S. companies to Japan's healthcare market.
- Commitment to revise Japan's arbitration law and increase the speed and efficiency of civil litigation, reforms that will create a legal environment in Japan more attractive to international business and investment.
- Streamlined customs clearance procedures to enhance the ability of U.S. express carriers to speed the delivery of goods and information.

President Bush and Prime Minister Koizumi launched the Regulatory Reform Initiative on June 30, 2001 in Camp David as an important component of the U.S.-Japan Economic Partnership for Growth. The Initiative builds on previous years of work with Japan to deregulate and open its markets.

(A Fact Sheet summarizing the First Report to the Leaders and a full text of the report can be found on the USTR website at www.ustr.gov.)